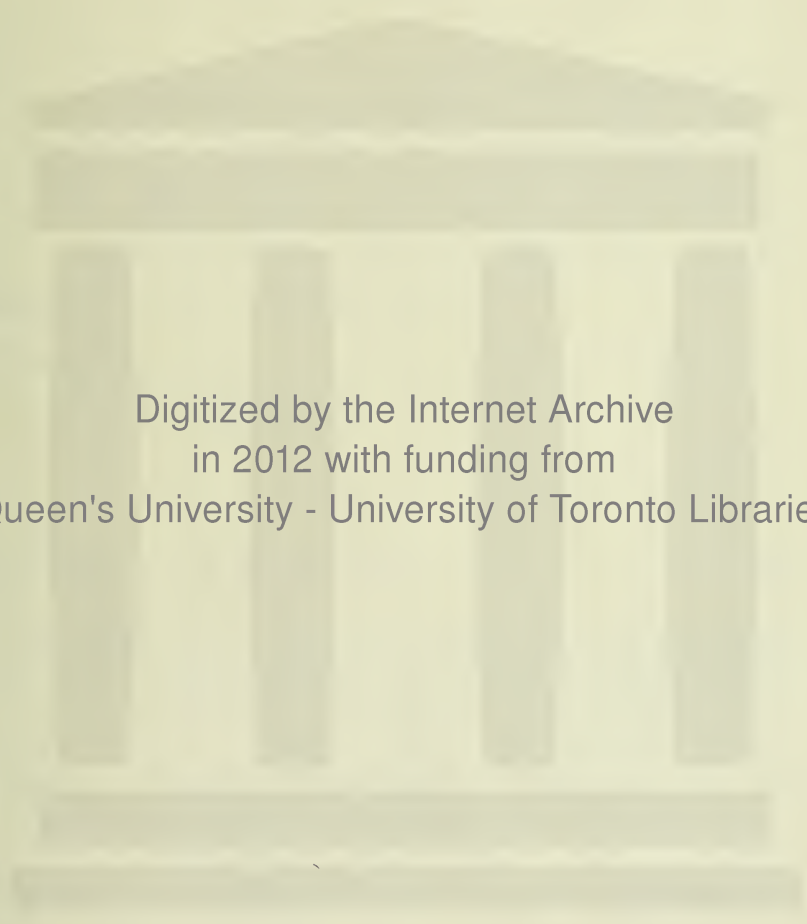




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Canada.

R. Bell.

MESSAGE.

EDMUND HEAD.

THE GOVERNOR GENERAL transmits, for the information of both Houses of the Legislature, the following Return of Proceedings and Correspondence on the subject of the Imperial subsidies to the Atlantic Mail Steamers and the claims of Canada in connexion therewith, had in pursuance of the Address of both Houses, to Her Majesty, in relation thereto.

GOVERNMENT HOUSE,
Quebec, 2nd March, 1860.

Copy of a Report of a Committee of the Executive Council, dated 18th July, 1859.

The Committee have had before them a Report, dated 18th July, 1859, from the Hon. the Postmaster General, submitting, that immediate action should be taken to press urgently upon the Imperial Government the necessity for a subsidy by the Imperial Government to the Canadian Line of Atlantic Steamers; as prayed for in the Address of both branches of the Provincial Legislature during last Session, and also referred to in the Order in Council of the 13th June last, on the subject of the transport of the mails between Great Britain and British Columbia through this Province; that it would be well that some Member of the Provincial Government should, without delay, proceed to England for that purpose, and he recommends that the Honorable Mr. Rose be requested and authorized to undertake the mission.

The Committee submit the above suggestion for Your Excellency's approval, and that Mr. Rose be also instructed to urge strongly upon the Imperial Government, the very great injustice with which Canada conceives she is treated by the continuation of the subsidy to the Cunard Line, and the additional injustice with which she is threatened by the proposed subsidy to a rival line of steamers, known as the Galway Line, and whose interests are associated with a foreign country and in direct hostility to

those of Canada, and to the line of steamers which she is endeavouring to sustain.

That any Member of the Council who may happen to be in England be associated with Mr. Rose in this duty.

Certified.

WM. H. LEE, C. E. C.

MINUTES OF EVIDENCE

TAKEN

BEFORE A SELECT COMMITTEE

ON

PACKET AND TELEGRAPHIC CONTRACTS.

THE HONORABLE JOHN ROSE, called in and examined—

Hon. John Rose, 5149. What office do you fill in the Government of
11th August, 1859. Canada?—I am Commissioner of Public Works.

5150. You have lately come to England from Canada, have you not?—
I have come over for the purpose of representing the interests of Canada in connexion with the recent arrangements entered into by the Imperial Government for the Transatlantic Packet Service.

5151. Will you be good enough to give the Committee any information that you can upon the subject falling within their inquiry? Being aware that the time of the Committee is very limited, I shall endeavour to do so as briefly as a detail of the circumstances will permit, after which I shall be happy to answer any further questions that may be asked me. I would premise, that so strongly have the people of Canada felt that the prosperity of that Country was deeply affected by the arrangements recently made by the Imperial Government for the Transatlantic Packet Service, that an Address to Her Majesty on the subject was unanimously adopted by both branches of the Legislature at its last Session; and the Executive Government have deemed it necessary to depute one of their number to proceed to England, for the purpose of urging on Her Majesty's advisers the justice of extending a fair consideration to the interest of the Colony. The Statements I am about to make are dictated by hostility to no special interests or company, but solely with the view of drawing attention to the anomalous and unfair position in which the Province of Canada is placed. When the

first Contract between the British Government and the Cunard Company was made in 1839, it was with the avowed purpose of facilitating the communication between the parent State and her North American dependencies; and to this end it contained, I believe, provisions that the steamers should first call at Halifax, and that during the season of open navigation in the St. Lawrence, a branch steamer should carry the mails to and from Quebec. This was actually done for some years, but the company finding it difficult and expensive to keep up the branch steamers to Quebec, induced the Government to forego that part of the service; since which time, the mails for Canada have passed through the United States, the Canadian public paying a stipulated rate to the Government of that country by way of postage on the transit through the American territory. In 1846 the Cunard Contract was extended to a weekly service, the intermediate vessels going direct to New York, without calling at Halifax. The Canadian Government did not object to this arrangement at the time, both because the colony did not then possess any railway communication from the seaboard to the interior of the country, and because they did not desire to throw any difficulty in the way of what was to some extent a new and a most desirable enterprise. It is not, however, merely with reference to the postal requirements and convenience of the colony that the question is to be considered, although from the best information within my reach, I am led to believe that the Canada postage forms nearly one fourth of the amount earned by the subsidised line. It involves higher and larger considerations, which affect as well the future prosperity of the Province itself as the extensive British interests existing there. The efforts and resources of Canada have for many years past been directed to develop the trade of the St. Lawrence, by the construction of canals uniting the great inland lakes, by which means seagoing vessels can now proceed as far west as Chicago, and to the other cities on the borders of these lakes. Numerous lighthouses, extending from the western frontier of the province to the coast of Labrador on the Atlantic, a distance of nearly 1,600 miles, have also been erected, and are now kept up at a very heavy expense by the colony, for which no dues are charged; and there is also maintained by a large provincial subsidy a line of powerful tug steamers in the Gulf of St. Lawrence, which are available at almost nominal rates for the towage of vessels trading to Quebec. In these enterprises nearly the whole public debt of the province, amounting to about seven millions sterling, has been expended. There have also been constructed lines of railway, extending from the Atlantic seaboard to Sarnia, on Lake Huron, by means of which, on the completion of the Victoria Bridge in November of the present year, an unbroken communication by the Grand Trunk Railway, of nearly 1,100 miles to the interior of the country, will exist. Other lines, extending to all important sections of the province, have likewise been built, and these Canadian roads at their westerly extremities connect with the American ones leading as far as St. Paul's on the Upper Mississippi, and across the state of Iowa towards the upper branches of the Missouri. There is now an almost unbroken line of rail to New-Orleans. It has been conclusively shown that these channels of communication afford the nearest and most direct route from Europe to the western and south-western states of America. Some of the railway lines have been aided by provincial advances, and a very large amount of English capital

is involved in them. I might, if the Committee desire it, form something like an approximate estimate ; there is in the Grand Trunk Railway about £10,000,000, and I think there is quite an equal sum of English capital invested in the other Canadian railways. It was confidently anticipated that, on the completion of this extensive canal and railway system, Canada would obtain a share of that western commerce which might alike render her own provincial works productive, and the private enterprises remunerative to the projectors. The large subsidy paid by the British Government to the Cunard Steamships has however operated as a direct bounty to the American Ports, the American Railways, the American Canals, and, as was shown by evidence laid before the committee on Trade and Commerce recently named by the Canadian Legislature, the effect was so greatly to reduce ocean freights to and from New York and Boston, in comparison with the St. Lawrence Ports, as to draw the trade into American Channels, and thus defeat the objects which Canada had sought to achieve in the construction of her public works. The extent of trade diverted to the seaports of the United States in the year 1856, for which the most reliable returns have been made, was 6,183,433 tons against 594,755 tons to sea ports in Canada. So painfully manifest was this state of circumstances becoming, that the Canadian Government found itself compelled to undertake a direct mail service with Liverpool from the St. Lawrence, fortnightly in summer ; and monthly in winter to Portland, in the United States, the terminus of the Grand Trunk Railway. The establishment of this even occasional communication so abundantly showed the advantages of the St. Lawrence route, and the provincial objects to be attained were so important, that the Government increased the service to a weekly line by granting a subsidy of £55,000 currency or about £45,000 sterling a year, and this line has been in successful operation since April last. It is composed of eight first class screw steamers, of the burden of from 1,786 to 2,200 tons, and from 350 to 450 nominal horse power. These ships have been built expressly for the service, at a cost of nearly £650,000 sterling, including the necessary tenders ; and the voyages, for regularity and speed, can compare most favorably with those of any other company. The average length of their voyages has, I am informed by the contractors, been 10 days and 23 hours eastward, and 11 days and 17 hours westward ; while that of the Cunard Ships was, westward, to Boston, 12 days and 21 hours, and to New York 12 days and 15 hours ; and eastward, from Boston, 11 days and 4 hours, and from New York, 10 days and 21 hours. During the present year, since the new ships have been placed on the line, the contrast is presumed to be still more in favour of the Canadian ships, one of them, the "Hungarian" having performed three consecutive voyages across the Atlantic in 27 days and 23 hours. The Cunard line, it is well known, has been mainly devoted to the trade between the United Kingdom and the United States Ports of Boston and New York : and it was well understood that the postal arrangements caused extreme inconvenience, and entailed a heavy charge on the Canadian public. It was not unreasonable, therefore, that Canada should indulge the confident expectation, which she did, that when the period arrived for considering the continuation of the Cunard contract, communication would have been had with that province on the subject, and that no renewal

would take place without negotiations to which Canada might be a party. It was accordingly with equal surprise and regret that Canada first learned, through certain members of the Government who were in England in November last, that it had pleased her Majesty's Government, in June of that year, to renew by some years in anticipation of its expiring, the contract with the Cunard Company, till the year 1868, at a subsidy of £176,340 sterling a year (besides certain contingent allowances in respect of freight and insurances to an amount which should not exceed £40,000), and that this renewal actually took place at a time when the Imperial Government was aware of the intended weekly service, for the performance of which the government of Canada had arranged. It is with still more painful emotions that Her Majesty's Canadian subjects have become aware that another line, known as the Lever Line, has been subsidised by the Imperial authorities, which is likewise intended to ply to United States Ports. The establishment and continuance of such a line cannot fail to augment the injury to the commerce, and continue the unsatisfactory and irritating arrangements, by means of which the postal communications with Canada are effected. Whatever Imperial considerations may have induced Her Majesty's Government to provide for a direct communication between Ireland and America, the Canadian Government cannot believe that it was intended thereby, invidiously, to foster the commerce of and emigration to the United States, to the distinct injury of Canadian interest; a result which must necessarily follow if the cities of New York and Boston are made the terminal points on the American side. It is not to be concealed that very grave doubts exist whether the Canadian line of Steamers will be able long to continue the service against the advantages obtained through the subsidies to these United States Lines, and the Canadian Government entertain the hope that it may yet be in the power of the Imperial Government to extend effectual aid to the provincial undertaking. Communications have recently been made to the Post Office authorities, by a Company chartered by the Canadian Legislature, for the purpose of conveying mails to British Columbia, across the North American Provinces, and the Canadian Government have offered to give the use of the Ocean Steamers subsidised by them, and to convey all mail matter from the Atlantic seaboard over the railways, leading to the westerly boundary of the province, for a sum which, while it is hardly an adequate remuneration for the service performed, will yet be a material benefit to the colonial line. It would certainly seem that Canada is placed in a much less favorable position than other English Colonies in regard to the postal intercourse with Great Britain. Lines are maintained by large subsidies to the British possession in Australia, in South America, in the West Indies, and in the Mediterranean; but with respect to Canada, her mails are conveyed first to a foreign country and then through that foreign country, at a heavy expense, to her own territories, although were an opportunity offered, Canada is prepared to show that the best and most rapid route for conveying the United States mails to New-York and Boston is through Canada, by way of the St. Lawrence, in Summer, and until the construction of the Intercolonial Railway to Halifax, by Portland in winter. Having thus adverted to the more general considerations which affect the question, I deem it my duty

respectfully to point out to the committee the consequences which must follow the failure of the Canadian line. The fact that an enterprise so essentially tending to promote the general interests of an important colony, and necessary to prevent its trade from being diverted into foreign channels, has been crushed by the superior advantages conferred by England on lines whose interests are avowedly and exclusively with a foreign country, cannot but produce deep and general dissatisfaction; and in the absence of more cogent reasons than have yet been assigned for the renewal of the one and the establishment of the other, give rise to an opinion that colonial prosperity has been needlessly sacrificed to promote the interests of private companies. Apart from this, the considerations that many millions of English capital are invested in the Grand Trunk, the Great Western, the Northern Railways of Canada, and other private undertakings of a similar character, which undertakings it has been the effort of Canada to make productive by attracting, through the means already adverted to, a direct trade between Europe and the west, and that the future prosperity of these enterprises will be most disastrously affected by the withdrawal of the Canadian weekly steam service, ought not to be without weight in the minds of the committee. A return to the former service to New-York and Boston, maintained by Imperial subsidy, will continue to make every inhabitant of Canada, a direct contributor to the United States revenue. The amount of postage on the Canada mail matter by the Cunard line, is, I understand (though I cannot vouch for the exact figure), estimated at from £32,000 to £39,000 a year, of which the United States transit charge is about one third, or from £11,000 to 13,000 a year. When it is considered that not only need no portion of this amount be paid, that it is a tax on the Canadian people, directly attributable to the continuance of the Imperial subsidy to United States lines; and moreover, that delay in the receipt of the mails to the Canadian community is entailed by the circuitous route so fostered through a foreign country, it will not be surprising if a state of things so anomalous, which the colony is struggling to the full measure of its resources to remove, will, if continued, produce universal dissatisfaction among its inhabitants, since every mail reminds them of a direct contribution to the American Exchequer. I need hardly advert to the obvious fact, that by the subsidies in question, a bonus is given to divert the most needed class of emigrants from proceeding to a British Colony, where their labour and capital are so much needed, and to encourage their settlement in the United States. I have thus endeavoured, as plainly as the time allowed me would permit, to put before the committee the leading points which would seem to affect the important colony whose interests I am charged to represent, and which it will be seen are of an exceptional and peculiar character. I would further add, that if it is deemed desirable by the committee, we shall be happy to send over any further witnesses when the committee reassemble, to give such further information regarding the particular facts, more especially as regards the extent to which the public interests of the colony, and the large capital of British subjects invested there, are alike injuriously threatened by these arrangements.

5152. Are the committee to understand that the complaint from Canada, is that the Imperial Government has established competing lines

against your own Post Office packets, which makes it difficult for them to sustain the competition?—That is undoubtedly the burden of our complaint.

5153. In fact, that we have not contented ourselves with letting you alone, but have set up a rival foreign contract against you?—Yes; and that you have overweighted us, in fact, in the race across the Atlantic.

5154. And it has the effect of diverting passengers and letters to a foreign country?—Yes, and commerce as well; we consider that the operation of those packets trading to New-York and Boston, has been to set a very large number of sailing vessels free, and that has had the effect of reducing the ocean freights very much below what they are from Quebec and Montreal, by way of the St. Lawrence.

5155. Were you aware in Canada of the intention of the Government of this country to extend the contract with the Cunard line?—Quite the contrary. At the time, and before the date at which the Cunard contract appears to have been renewed, negotiations were going on between our Government and the Imperial Government for the reduction by our line of the rate of ocean postage, and the transmission of a portion of the United States mails thereby. The Imperial Government was aware, that in the spring of the present year a weekly service between Canada and Liverpool would be performed; and it was with extreme surprise that the members of the Canadian Government, who were over here last autumn with regard to other matters, learned that the Cunard contract had been extended.

5156. Was there any correspondence between the Canadian and the Imperial Governments upon the subject of the postal service by way of the St. Lawrence?—Yes, there was; and that correspondence has been laid before the Colonial Legislature. It was more, however, in connexion with the mode in which the postage accruing upon the American mails, which it was arranged between the two Governments were to be conveyed by the Canadian vessels, should be divided. The Imperial Government claimed that one-third should belong to them, another third to Canada, and another third to the United States. But it was in the course of this correspondence that it came out that the Cunard contract had been renewed.

5157. It took you by surprise, did it not?—Extremely so; we never anticipated that the contract would be renewed so many years in anticipation of its expiry, still less that it would be so, without a full discussion of its bearings in regard, not only to the new class of postal requirements that had sprung up, but as it affected the general welfare and commercial prosperity of the North American Colonies; and especially as to the effect it would have on the revenues of those Public Works which Canada had been encouraged to construct by a loan raised on Imperial credit, and which, at the time, were declared by the British Government to be of advantage, both in a commercial and political point of view, to the mother Country.

5158. Were you aware of the intention of the English Government to enter into a contract for the Galway line?—Nothing beyond what we saw

in the newspapers ; and as soon as ever the Canada Legislature met last year, an address, a copy of which has been already laid before the House of Commons, was moved, remonstrating against both the continuance of the Cunard Line, and against the Galway undertaking.

5159. Have you any idea what the terms were which the Canadian Government would have been able to propose for carrying letters by the St. Lawrence, if the Cunard line had not been in existence ?---I will not venture to say, because it took us all so much by surprise, that no arrangements have been matured, but one of the Contractors for the conveyance of the Canada mails, Mr. Allan, is now in London, and will give any information to the Committee which may be desired. I have understood in general terms from him, that, assuming that the postage was something like over £100,000 a year, he would be quite prepared to undertake it for the subsidy of £100,000. He assumes that the postage would amount to that, and the letters would, I believe, get to Boston and New-York in as short a time as they are now delivered.

5160. Are the Committee to understand that you would have contemplated a joint contract between the Imperial Government and the Canadian Government ?---Yes, that was the general idea which I would have entertained myself.

5161. You have stated, have you not, that at present the Canadian Government pays for this postal packet service from Quebec £55,000 a year currency, or about £45,000 sterling ?---Yes.

5162. Are the Committee to understand you to say that for double that sum the whole of the postal communications with America might be carried on weekly in summer time by way of the St. Lawrence, and then weekly to Portland in the winter months ?---I have understood from one of the Contractors, who are extremely responsible persons, and men of great experience, and of considerable commercial connexions in this Country, that they would be prepared to do the services, either for the amount of the postage, or for a subsidy to the extent of £100,000 sterling a year.

5163. When you speak of the summer months for the navigation of the St. Lawrence, what months do you include ?---From May until the end of November ; it may be reckoned as seven months in the year.

5164. Seeing that we have been placed in this unfortunate position of having our hands tied by this contract with Mr. Cunard, what is the practical suggestion that your Government has to make to this Committee with regard to the future ?---I am not authorised nor prepared to make any practical suggestion as to what should take place hereafter. I do not know the circumstances nor the considerations which induced the Imperial Government to renew the Cunard Contract, nor those which may have induced the entering into the Galway Contract, but I have endeavoured to show the injury which would be detailed upon Canadian interests, if, by means of those two subsidies, the Canadian line should be run off the Atlantic, of which there is a very strong probability as it appears to me.

5165. [Mr. Hope.] When you say "the Canadian line," who works that line ; is it working now ?---Yes, and it has been in operation for some years ; it is now a weekly postal service, and as efficiently performed as any on the Ocean.

5166. Independently of the Cunard line ?---Independently of the Cunard line, under contract from Quebec to Liverpool.

5167. What is its commercial title ?---The Montreal Ocean Steamship Company.

5168. Does it run the whole year ?---Yes, it is a weekly service the whole year round between Liverpool and Montreal in summer, and Liverpool and Portland, the termini of the Grand Trunk Railway, in winter.

5169. [Chairman.] They have been performing that passage rapidly lately, have they not ?---Yes, very rapidly.

5170. How long were you in coming from land to land in your last voyage from Canada ?---Under six days ; from the Isle of Belisle to the coast of Ireland it was under six days. I forget the exact length of the passage, but, as I have already stated, three successive passages of the same Steamer were performed in 27 days and 23 hours.

5171. Are the Committee to understand that the Canadian Government would have been ready to have entered into arrangements with the Imperial Government for a joint subsidy to that line of Steamers ?---I have no doubt of the fact ; it has not been formally discussed by the Executive Government, or considered by the Legislature, because we did not anticipate that so long before its expiry the Cunard Contract would be renewed ; and during its existence it would have been premature, as we considered, to have opened negotiations with the Imperial Government upon the subject.

5172. I understand you to say that the Canadian Government pay now £55,000 currency, as a subsidy to this line ?---Yes.

5173. Would they have been willing to have continued that if the Imperial Government would have paid the same ? Yes, we are under contract to do so ; that would have fulfilled our expectations, and probably would have diverted a very large amount of trade through Canada ; and by that means the postal communication between Boston and New-York, we consider, could have been performed quite as rapidly, if not more expeditiously, than it now is.

5174. Will you explain how the letters would be forwarded from Quebec to New-York ? There are several lines of railway. The service from Montreal to New-York is done in about from 12 to 15 hours, I believe.

5175. The steamer goes to Quebec, does it not ? Yes, and to Montreal also.

5176. How many hours would it take to carry the mails from Quebec to New-York ? By way of Boston I should presume it would not take above

two hours more than from Montreal; it would be done either way within the compass of from 15 to 18 hours. You leave New-York at seven in the morning, and you are in Montreal at nine at night. Or you may come by way of Boston, taking the Grand Trunk Railway at Portland, thence to Richmond, and down to Quebec. That could be done; and no doubt arrangements would be made to have special trains running if this mail service had to be performed.

5177. Do you apprehend that the mails could be carried in that way as quickly from Liverpool to New-York, as they are now by the Cunard line? I have not a shadow of a doubt that it could be done as quickly, if not more so. The Grand Trunk Railway will soon be completed 120 miles below Quebec, and the mails might be landed there. If there had been given a larger subsidy to the extent of £100,000, instead of £55,000, a swifter class of vessels would have been put on to Quebec; and there is now being built an additional vessel for the Montreal company, which is anticipated, and which I believe is under contract, to perform the service across the Atlantic in eight days, in lieu of the present time, which is from nine to ten days.

5178. In the winter months, when the mails are carried to Portland, how do they contemplate transmitting them to New-York from Portland? By rail from Portland to Boston, which is only a hundred miles, and thence to New-York, also by rail.

5179. How many hours do you call it? I think now the ordinary time is from six to seven hours from Boston to New-York, and three or four from Boston to Portland.

5180. In winter time is the Portland Harbour always accessible? It is reckoned the best harbour on the American coast. It is so deep and easy of access, that it can be gone into, I believe even without lights. The Great Eastern is intended to go there, on her trial trip, and a wharf built at a very heavy cost by Canadian and Portland enterprise, for the purpose of receiving her.

5181. How would you communicate with Halifax in that case? There would have to be a small vessel which would go from Portland, or the regular Atlantic steamers would have to touch at Halifax, as they do now.

5182. How would you reach Montreal and the other parts of Canada from Portland? As I have mentioned, there is a direct and unbroken line of railway communication, or at least in November next, when the Victoria bridge will be finished, there will be an entirely unbroken line of communication from Portland to Montreal, and thence to Toronto through the whole of Western Canada to the Western States.

5183. As I understand you at present, the letters for Montreal go through New-York once a fortnight; they are liable to go from London through New-York, by the Cunard line one week, and through Boston the other week? Yes, alternately.

5184. Would you get the letters more quickly if they went by Portland, than if they went by New-York? To most parts of Canada unquestionably; Portland is both nearer Liverpool than New-York, (I forget the exact distance now,) and it is also much nearer Montreal and Quebec, and the whole of Eastern Canada. As regards the western section of Canada, I should say the mails from Portland would also reach as quickly as from New-York, owing to the advantage which the continuous communication by one railway affords, and the facilities which it gives for the despatch of special trains immediately on the arrival of the steamers.

5185. In fact, Portland, with this new line of the Grand Trunk Railway is the natural route, is it not, for your mails and passengers? It is the natural route, and the chief outlet in winter time for Canada, it being impossible, of course, to go across to Halifax; the country in the interior below Quebec is thinly settled across New Brunswick, and there is no railway.

5186. In the present unfortunate state in which we are placed, with our hands tied up for so many years by the extension of the Cunard contract, and having entered into this Galway line, what do you propose as the practical course for our Government to take with regard to Canada?—One course which I can suggest is that, if the Government determined to establish a mail communication to Columbia and that region, and if they contemplated transmitting those mails through British North America, I think that the Canadian Government would give the use of their steamers, and send the mails to the extreme western boundary of Canada, and through Canada, for the small subsidy of £30,000. That is one way in which I can see that substantial relief could be afforded. It is fully my opinion, that if by any means additional aid to the extent of £50,000 was continued even for a year or two to the Canadian line, the superior advantages of the route would be so demonstrated that it would be able to be self sustaining; but if it is to be crushed before the advantages can be demonstrated, it is in vain for us to expect again that any commercial men will undertake the performance of the service.

5187. In what other way besides the conveyance of the mails is this great subsidy to the Cunard line found practically to be a disadvantage to your Canadian Steamers?—It of course has the effect of drawing trade and passengers to New-York and Boston, and it has undoubtedly the effect of cheapening the freights by sailing vessels to and from those ports. And of course, though we are bringing down produce from the interior of the country, and from the Western States of America much more cheaply, and much more rapidly, to the ports of Montreal and Quebec, yet the ocean freights across the Atlantic rule higher from those latter ports to Liverpool than they do from New-York and Boston to Liverpool. And it has been shewn that one of the chief causes is the Cunard Steamers going to New-York and Boston weekly, of course conveying most of the passengers, and leaving the packet ships free for the conveyance of freight. The subsidy to the Cunard Ships makes them comparatively independent of freight. They seldom carry any homeward, and I suppose do not care for it at low rates.

5188. Would it be possible to amalgamate the Canadian line with the Galway line in any way, and run it to Portland?—All that I can say with regard to that is, that as a member of the Canadian Government I should be prepared to give my most favourable consideration to any scheme by which the principal object that we seek to obtain, namely, to keep the trade within our own boundaries, should be affected; of course I am not prepared to offer any opinion as to the details of the arrangement, or as to whether such a thing would be practicable; but our chief objection, which I have stated to day, is to the diversion of that traffic which properly belongs to us, which we are seeking to draw through Canada, and which has hitherto gone to the United States ports by means of those subsidies.

5189. Does the greater subsidy given to Mr. Cunard by enabling him to give increased accommodation to passengers, and furnish a better equipment, tend to operate injuriously upon the competition with the lines of the Canadian Steamers?—Very strongly, we think. Besides, persons going from Canada to Boston, and to New York, to take their passage across the Atlantic, often make their purchases there, take their families there, and establish relations there which permeate in a great many ways.

5190. (Mr. Wilson.) Supposing it were found that this contract for the Galway line had been so far completed as to be irretaceable, and that the Government was too much committed to be able to alter it, would it not be possible for some joint arrangement to be made between the Canadian Government and the British Government by way of a joint service similar to that which we have with Australia at the present moment, by which the objects which the Canadian Legislature have in view could be obtained in the manner which you have described?—I should think that such arrangement would be both practicable and extremely desirable, as it appears to me.

5191. That would appear to be now almost the only way out of the difficulty in which we have been landed by these two events?—Certainly it seems so; and I have no doubt that the Canadian Government would consider with great favour any arrangement of the kind rather than peril by this cruel competition the continuance of a direct Colonial line.

5192. This Grand Trunk line from Portland is one of the most important features that you have now in your communication between Canada and England, it is not, inasmuch as it is the only means of communication during the closed months of the winter?—It is the only means by which the communication could be maintained in winter in connection with these steamers.

5193. Are you aware that applications have been made by persons interested in that line, and also interested in the welfare of Canada, that we should vary our customs duties here, so as to enable you to use the railway as a commercial communication in the winter months?—I am aware that such an application was made; it was upon resolutions which I myself introduced into the Canadian Legislature, that an address was founded to the Imperial Government.

5194. For a long time that was not conceded, was it? No; for a long time it was not conceded, and it has only been conceded in a Bill which was introduced a few days ago.

5195. You are aware that a clause has been inserted for that purpose? Yes; and I was very glad to find it so.

5196. That will enable you to convey now in winter Canadian produce over that line of railway? The clause is not quite so general as I could wish it to be; it is confined to the articles of deals and butter. There is a difference in some other articles, if I mistake not, such as in cheese, but possibly not to the same extent. Still no doubt the relief so far will be very considerable to us.

5197. Are you not aware that the only articles which had become matter of practical considerations were those two articles, and can you not easily conceive that in making experiments of this kind, in which the revenue was somewhat jeopardised, it was not imprudent to try it as an experiment? I can quite understand why it was confined to the specification of those particular articles, and we are very well satisfied, so far, with what has been done.

5198. If the winter trade is carried on through Canada in that way, it would render it still more important, would it not, that you should have this regular weekly steam communication? Undoubtedly; and I might venture to add that, without weekly communication, it is found that the passage of letters will seek another channel. If it is only fortnightly, commercial houses and banks do not think of the days upon which the steamers sail, and get into the habit of writing by the regular weekly line. I am told that, so far this year, so quickly and regularly have the mails been delivered by the Canadian line, that a very large proportion of the postage and the mail matter is now being sent from Canada by them, and not by the Cunard line. It is stated that upon some occasions not more than a dozen letters have left some of the principal towns in Canada by the Cunard steamers, as the great bulk of the correspondence goes now by the Canada line.

5199. (Chairman.) Have you any other steamers that came from the St. Lawrence to Liverpool besides those of the Montreal Ocean Steamship Company? No, not to Liverpool; there is a transit vessel or two that go once a month to Glasgow; there are some small vessels from London occasionally.

5200. Is not the competition of the Cunard line felt more severely with regard to the passenger traffic, in consequence of the better accommodation and provisioning of the ships, that they are enabled to give by reason of their large subsidy? That must become so eventually; but I should like to add that, so far as my own experience is concerned (and I have crossed the Atlantic repeatedly in Mr. Cunard's ships, and in the Collin's line when they were running, and I have made some three or four voyages in the Canadian ships), that the result of my observation has been

that the Canadian ships are quite as comfortable, and quite as well victualled as any ships that cross the Atlantic. I do not wish to make any invidious comparison, but I have found that so far as comfort and provisions are concerned, the Canadian line is as well managed a line as could possibly be.

5201. The subsidy given to the Cunard line must make it very difficult, you think, for the other Canadian line to maintain the competition, and give the same amount of accommodation? In the long run, undoubtedly, the Canadian line will, and, as I apprehend, must succumb under the superior advantages which the Cunard line possesses.

5202. When you say that the Quebec steamers must succumb; if they should fail, would it be considered by you in Canada that they failed in consequence of the competition of the Cunard line, and in consequence of competition created by the imperial subsidy? Yes, and by those means alone.

5203. Do you consider that that subsidy has acted injuriously to you? We consider it so much so, that I have felt it my duty, in as strong language as a respectful remonstrance would permit me to use, to convey to the committee my belief that an amount of irritation and dissatisfaction would arise in Canada, which I do not pretend to predict the extent of, if the Canadian line is broken up.

5204. And your appearance here may be considered as a demonstration of that dissatisfaction? Undoubtedly it is so.

5205. Would you wish to add anything more to the evidence which you have given? I would add, that I wish the figures which I have given to be considered as merely approximate; they may not be strictly accurate in some respects, for I only arrived in England the other day from Canada, and I have put the figures together from the best data accessible to me; but I believe them to be substantially correct.

[Adjourned sine die.]

NO. 91, VICTORIA STREET,
Westminster, 16th August, 1859.

MY LORD DUKE,

Referring to the interview with which I was favored some days ago, and to the subject of the Transatlantic Packet arrangements then discussed, I have now the honor to state in writing the substance of the objections which Canada entertains to these arrangements, and to renew the expression of my earnest hope that a just consideration may yet be extended to Colonial interests by the Imperial Government.

Your Grace is aware that an address of the Legislature of Canada to Her Majesty, was adopted last Session, in which the position of the Colony

and the injurious operation of the two lines subsidised by Great Britain to Foreign Ports were fully pointed out. I would here, however, briefly again advert to them.

The avowed intention of the first contract entered into with Mr. Cunard, was to facilitate communication between the parent state and her North American Dependencies and the Mails for Canada were for some time conveyed by a Branch Steamer from Halifax to Quebec. The Cunard Company, however, finding it difficult and expensive to keep up this Branch Steam Service, it was discontinued. The great bulk of the Canada Mails have since been conveyed from England direct to New York and Boston, and thence across the United States Territory to the Province.

No objection was made in Canada at the time to this arrangement both because the enterprise was a new and deserving one and because the Colony did not then possess any Railway communication of its own from the Sea Board to the Interior of the Country, nor had the new interests arising from the completion of the public works of Canada then come into existence. During the continuance of the various Cunard Contracts, the Province felt that it could not ask in its own interest for any change which might involve the slightest breach of faith towards the Contractors, but a confident expectation was indulged that when the period arrived for considering the continuation of the service, no renewal of the Agreement would take place without negotiations to which Canada might be a party, and that the new and important relations of a national character which had arisen in the mean time would be fully discussed.

That she was justified in indulging this expectation will, I think, be abundantly manifest by referring to the communications which have taken place between the two Governments to some of which I will presently advert.

It is not merely with reference to the postal requirements and convenience of Canada however that this question is to be considered. It involves considerations of a higher and more extensive character, which affect as well the future prosperity of the Province, as the extensive and various interests of British Subjects existing there. To these general considerations I would first very briefly call the attention of your Grace.

The efforts of Canada have for many years been directed to develop the Trade of the St. Lawrence, and attract the Commerce of the Western States of America to Europe through her Territory, by the construction of extensive and costly works of internal communication.

So important were these works considered that in the year 1842, Her Majesty's Government called on Parliament to afford its assistance in aid of the undertakings, and a loan was accordingly raised on the Imperial credit for that purpose. I cannot better point out to Your Grace the importance of these works than by quoting the words of Lord Derby then Principal Secretary of State for the Colonies, in a Despatch addressed to the Governor General of Canada, on the 2nd April, 1842. "It remains to be considered

“ what are the public works towards the accomplishment of which it would
 “ be most desirable that the credit of this Country should be applied ; and
 “ I apprehend that there can be no doubt as to the principle to be applied
 “ in selecting such as partake least of a local and most of a general char-
 “ acter as tend most to the extension of the great lines of communication,
 “ and the promotion of trade and intercourse rather than such as tend more
 “ to the immediate local advantage of particular districts. These last are
 “ objects perhaps for aid from the Provincial Treasury, but primarily to be
 “ promoted by local exertion. The former are objects of Colonial and I
 “ may even add, of national interest and importance.

“ Foremost among them stands the improvements of the Navigation of
 “ St. Lawrence ; this mighty stream, with its chain of Lakes and its tribu-
 “ tary rivers, forms the great natural highway of Canada, and not only of
 “ Canada, but also of a great portion of the United States, and of very
 “ extensive tracts of unoccupied fertile Country, belonging both to ourselves
 “ and our neighbours, which will form flourishing States and Provinces in
 “ the time of our children and grandchildren.

“ To throw this great highway completely open, by means of substan-
 “ tial and permanent public works, would be an undertaking worthy of
 “ British enterprise, and one which although chiefly and primarily essential
 “ to the advancement of Canada would probably, both in a Commercial
 “ and political point of view, not be without its advantage to the Mother
 “ Country.

“ I do not at all question the propriety of a public expenditure for
 “ objects of this description, and in authorizing you to state to the Provin-
 “ cial Parliament that Her Majesty’s Government will be prepared to sanc-
 “ tion a loan of £1,500,000 for the improvement of the public communi-
 “ cations in Canada, whether by land or water, you will understand
 “ that the Legislature will exercise a discretion as to the Works to be
 “ undertaken, so that the improvement of the St. Lawrence and the Lakes,
 “ be the first object and that the total amount to be raised on British credit
 “ do not exceed the stipulated sum of £1,500,000.”

It may not be improper to add that the same course of policy had been approved of and adopted by Lord John Russell, who preceded Lord Derby as Colonial Secretary, and that he addressed despatches of similar import to Lord Sydenham, in January and May, 1841.

Since that period Canada has steadily pursued the policy of extending her works of internal improvement to the full measure of her resources. Canals uniting the Great Lakes and affording uninterrupted navigation even for seagoing vessels to the foot of Lake Superior, have been constructed. Numerous Lighthouses extending from the Western Frontier of the Province, to the Coast of Labrador on the Atlantic, a distance of nearly 1600 miles, have also been erected and are maintained at a very heavy annual charge by the Colony, without the exaction of any dues on Shipping for their support. There is likewise maintained, by the payment of a large provincial

subsidy, a line of powerful Iron Tug Steamers in the Gulph of St. Lawrence, which are available at almost nominal rates for the towage of Vessels trading to Canadian Ports. It may fairly be asserted that the Province possesses the most extensive and complete system of Inland Water Communication in the world.

In these enterprises nearly the whole direct Public Debt of Canada, amounting to about £7,000,000, has been expended.

There have also been constructed lines of Railway extending from the Atlantic Seaboard as far west as Sarnia on Lake Huron, by means of which, on the completion of the Victoria Bridge, in November of the present year, an unbroken communication by the Grand Trunk Railway alone, of nearly 1100 miles to the interior of the Country will exist. Other lines extending to all important sections of the Province, have likewise been built and these Canadian Roads at their westerly extremities connect with the United States lines leading North as far as Minnesota on the one hand, and South to New Orleans on the other. Provincial aid has been largely extended towards their construction and many millions of British Capital are invested in them.

The magnitude and importance of the Trade of the Regions lying to the West of Canada, which seek an outlet to Europe for their products are well known to your Grace, and will be admitted fully to have warranted this large outlay to secure it.

It has been conclusively shewn that these Canadian Channels of communication afford the nearest and most direct route from Europe to the Western States of America, and it was confidently anticipated that on completion of her Canals and Railways, the Province would obtain a share of this commerce which might alike render her own Provincial works productive, and the private enterprises adverted to, remunerative to the projectors.

In endeavouring to attract this Western Trade, she had to incur, not only the competition of the American Cities of Boston and New York, and of the powerful interests connected with the Railways leading to them, but also the direct rivalry of the State of New York itself, by which the Erie Canal, from the Lake of that name to the navigable waters of the Hudson River, had been constructed as a Government undertaking.

The large subsidy paid by the British Government to the Cunard Steamships, has, it is well known, operated as a direct bounty to the Ports of New York and Boston, and as was shewn by evidence laid before the Canadian Legislature, the effect was greatly to draw the trade into the American channels leading to those cities, thus defeating the object which Canada sought to accomplish in the construction of her public works.

So painfully adverse to the interests of the Colony was the course of Trade becoming, that Canada felt herself compelled to undertake a direct

Mail Steamship Service with Liverpool from the St. Lawrence, fortnightly in summer, and monthly in winter, to Portland, in the State of Maine, the Atlantic Terminus of the Grand Trunk Railway.

The establishment of this even occasional communication so abundantly showed the advantages of the St. Lawrence route, and the Provincial objects to be attained were so important, that the Government increased the service to a weekly line, by granting a subsidy of £55,000 currency, or about £45,000 sterling a year, and this line has been in successful operation since April last. It is composed of eight first class Screw Steamers of the burden of from 1,786 to 2,200 tons, and from 350 to 450 nominal horse power. These ships have been built expressly for the service, at a cost of nearly £650,000 sterling, including the necessary tenders; and their voyages for regularity and speed, can compare most favorably with those of any other Company. The average length of their voyages has, I am informed, by the Contractor, been 10 days and 23 hours eastward, and 11 days and 17 hours westward; while that of the Cunard Ships was westward to Boston, 12 days 21 hours, and to New York, 12 days and 15 hours; and eastward from Boston, 11 days and 4 hours, and from New York, 10 days and 21 hours. During the present year since the new ships have been placed on the line, the contrast is presumed to be still more in favour of the Canadian Ships, one of them, the "Hungarian," having performed three consecutive voyages across the Atlantic in 27 days and 23 hours. The eminent success of this line has clearly demonstrated the superior advantages which the route offers, as well for Emigration and Commerce, as for the transmission of Mail matter to all parts of America.

When the experiment was entered upon by Canada, these considerations were placed before Her Majesty's Advisers, and I would take leave to direct the attention of your Grace to a Despatch, dated the 2nd September, 1856, from the Governor General of Canada to the Colonial Secretary, wherein the claims of the Canadian Line to Imperial consideration are thus stated:

" 2. I may perhaps be allowed to add, that there is a point of view in which a Canadian may look at the whole question somewhat different from that in which it has presented itself to the authorities at the General Post Office.

" 3. A Canadian may ask, 'Why are we in Canada obliged to pay a subsidy at all for a Line of Steamers running into the St. Lawrence to a British Port, by a route which we hold to be the most advantageous route?' The merits of the route itself might make our subsidy unnecessary, were it not that Her Majesty's Government give a large bounty to a Line running to Foreign parts.

" 4. It may be admitted that Canada was benefited by the rapid transmission of the Mails through the United States, but she was no party to the arrangement as one which could never be revoked. Canada now thinks that she can arrange for the conveyance of her own Mails, to and from by way of Quebec in summer, and Portland in winter, more

“ rapidly and advantageously than by Boston and New York. Why
 “ should Her Majesty’s Government discourage this new enterprise on the
 “ part of Her Majesty’s subjects, and by a large subsidy drive the business
 “ only to the United States Ports.

“ 5. As a matter of course we cannot ask for any breach of faith
 “ towards the present Contractors. We cannot ask for a sudden termina-
 “ tion, to an arrangement of which we have had the full benefit, but we
 “ may surely ask that no renewal of that arrangement should be made
 “ without hearing what Canada has to say when the opportunity occurs.
 “ We may hope that no course will be pursued adverse to the principles
 “ of Free Trade, by the continuance of a large bounty to the Boston and
 “ New York Lines.

“ 6. Leave the natural advantages of the St. Lawrence and Portland
 “ route to find their own level in the market, and in the meantime do not
 “ use all the influence of the British Post Office, and the assumed meaning
 “ of the existing arrangement respecting the 6d. and 5d. postage, so as to
 “ bear as hardly as possible on the first effort of this Colony, to open the
 “ St. Lawrence to a regular line of British Steamers.”

In reply to this Despatch, the then Colonial Secretary informed the Government of Canada, on the 3rd December, 1856, that after communication with the Lords Commissioners of the Treasury, he was apprised by their Lordships that the existing arrangements with respect to the Canadian Mail Service, would be continued until the expiration of Mr. Cunard’s contract, when they hoped that an arrangement more in conformity with what they would “ regard as an equitable consideration for the Finances
 “ of this Country might be effected.”

After these communications, and knowing that the Imperial Government had been made aware of the continued existence and successful working of the Colonial Line, Canada had a full reliance that no new arrangement with the Cunard Line, or any other, would be made, and that no extension of existing Contracts would be granted for the continued conveyance of the Mails to Boston and New York, without previous intimation to the Provincial Government, and then only after a full discussion of the relative advantages of the different routes, and of the important national considerations which were inseparable from the service.

It was therefore with surprise and regret that the Canadian Government became aware, through certain Members of it, who were in England on public business in November last, that it had pleased Her Majesty’s Government to renew the Cunard Contract several years in anticipation of its expiring without any intimation whatever to Canada, or giving her any opportunity of shewing, not only that the American and Canadian Mail Service could have been performed more expeditiously and far more cheaply by the St. Lawrence in summer, and by Portland in winter, but that a serious and lasting injury would be inflicted on the Commerce and Revenue of the Colony, to the advantage of a foreign country. One of the

objects which are stated to be aimed at in the extended arrangement, is thus defined in a communication, dated the 19th June, 1858, from the Secretary of the Admiralty to the Secretary of the Treasury :

“ My Lords have to observe that the present Contracts by which the weekly communication with North America is maintained, are not terminable (excepting on default) till the first of January, 1862, and that the ostensible object of the Contractors, in their application at this early date for an extension of the period, is to enable them on the security so afforded of the continuance of the Government subsidy, to embark additional Capital in the construction of still more powerful Steamships by which to outship all competitors and maintain the superiority of the British Line. This object appears to my Lords of national importance, and in the maintenance of this Line, considerations of greater moment than those of a postal nature must have weight when it is borne in mind that it is the connecting link between this country and her vast possessions across the Atlantic, and that in the event of the withdrawal of adequate support, the British Line will be supplanted by Foreign competitors whose Government would probably again grant to them larger subsidies than those paid by this country.”

It will not, I trust be considered unreasonable, if I express my profound regret that one of the most important of these possessions was precluded from the opportunity of shewing in what way the objects aimed at could be best accomplished ; and that the course actually taken, is more calculated to destroy than maintain the true connecting link between England and that possession.

It is with equally painful emotions that Her Majesty's Canadian subjects have become aware that another Line, known as the Lever Line, has been subsidised by the imperial authorities which is likewise intended to ply to United States Ports. The establishment and continuance of such a Line cannot fail to augment the injury to the commerce, and continue the unsatisfactory and irritating arrangements by means of which the postal communications with Canada are affected. Whatever Imperial considerations may have induced Her Majesty's Government to provide for a direct communication between Ireland and America, the Canadian Government cannot believe that it was intended thereby invidiously to foster the commerce of an Emigration to the United States, to the distinct injury of Canadian interest, a result which must necessarily follow, if the Cities of New York and Boston are made the terminal ports of this Line on the American side.

It would certainly seem that Canada is placed in a much less favorable position than other English Colonies in regard even to the postal intercourse with Great Britain. Lines are maintained by large subsidies to the British possessions in Australia, in South America, in the West Indies and the Mediterranean ; but with respect to Canada, her mails are conveyed first to a Foreign Country and then through that Foreign Country at a heavy expense to her own Territories.

Having thus adverted to the more general considerations which affect the question, I deem it my duty respectfully to point out to your Grace the consequences which in my opinion must follow the failure of the Canadian Line. The fact that an enterprise so essentially tending to promote the general interests of an important Colony, and necessary to prevent its trade from being diverted into Foreign Channels is crushed by the superior advantages conferred by England on Lines whose interests are avowedly and exclusively with a Foreign Country, cannot but produce deep and general dissatisfaction; and in the absence of more cogent reasons than have yet been assigned for the renewal of the one and the establishment of the other, give rise to an opinion that Colonial prosperity has been needlessly sacrificed to promote the interests of private companies. Apart from this, the considerations that many millions of English Capital are invested in the Grand Trunk, the Great Western, the Northern Railways of Canada, and other private undertakings of a similar character, which undertakings it has been the effort of Canada to make productive by attracting through the means already adverted to, a direct trade between Europe and the West, and that the future prosperity of these enterprises will be most disastrously affected by the withdrawal of the Canadian Weekly Steam Service ought not to be without their weight. A return to the former service to New York and Boston maintained by Imperial subsidy will continue to make every Inhabitant of Canada a direct contributor to the United States Revenue. The amount of postage on the Canada Mail matter by the Cunard Line is I understand (though I cannot vouch for the exact figure,) estimated at from £32,000 to £39,000 a year, of which the United States transit charge is about one third or from £11,000 to £13,000 a year; when it is considered that not only need no portion of this amount be paid, that it is a tax on the Canadian people, directly attributable to the continuance of the Imperial Subsidy to United States Lines, and moreover that delay in the receipt of the Mails to the Canadian Community is entailed by the circuitous route so fostered through a Foreign Country, it will not be surprising if a state of things so anomalous which the Colony is struggling to the full measure of its resources to remove, will, if continued, produce extreme irritation among its Inhabitants, since every Mail reminds them of a direct contribution to the American Exchequer. I need hardly advert to the obvious fact, that by the subsidies in question a bonus is given to divert the most needed class of Emigrants from proceeding to a British Colony where their labor and capital are so much needed and to encourage their settlement in the United States.

I have thus imperfectly, though I fear at somewhat too great length, endeavored to point out to your Grace the peculiar and exceptional position of the Province, whose interests I am charged to represent. Its special claims to Imperial consideration, and the injury which the existing state of things will if continued, inflict upon it, in what form and to what extent a proper measure of relief can be accorded, I leave to the consideration of the Government of which your Grace is a member. I would however venture to suggest one or other of the following plans as being likely to attain the object which we seek to accomplish.

- 1st. A direct subsidy to the Colonial Steamers. If it be true as Mr. Cunard, states his belief to be, that the amount of postage received by his ships is equal to the sum paid to him by the British Government, and that his Line is kept up without cost to the country, surely the Canada postal communications are sufficiently important to justify an Imperial subsidy equal at least to that which the Colony contributes even if the important commercial considerations which I have adverted to were to be disregarded.
- 2nd. A payment by Great Britain of a stipulated sum for the conveyance across the Atlantic and to the Western Limits of Canada of the Mails to British Columbia which the Province offered to perform in terms of the minute of Council of the 13th June last, to which I have had the honor of again calling your Grace's attention in a separate communication.
- 3rd. If it is found that the arrangements with the Cunard Line and the Galway Line have gone so far as to be irretraceable; then that some such modification of the service be, if possible, required of one or other of the Contractors, as may by means of its joint performance, by the Canadian and English Contractors, still continue to Canada a direct weekly communication; I am not prepared to say how far this latter suggestion is practicable in detail but I doubt not the Canadian Government would be prepared to listen favorably to any reasonable proposal that would prevent the important objects the Province had in view in the establishment of the Line from being defeated, which they would be should the Canadian Line be forced to succumb, as it soon will under the competition maintained by the two Imperial Subsidies.

I beg your Grace will accept as my apology for the length of this communication, that I feel in common with, I believe, all Her Majesty's subjects in Canada, a strong sense of the serious injury to which the interests of the colony are exposed, and that I entertain a firm assurance that your Grace will not only give an impartial and careful consideration to the facts I have stated, but will be disposed to promote the reasonable claims of this important dependency of the Empire.

I have the honor to remain,
Your Grace's very humble Servant,

(Signed,) JOHN ROSE,

His Grace The Duke of NEWCASTLE,
Colonial Secretary.

DOWNING STREET,
12th September, 1859.

SIR,

I am directed by the Duke of Newcastle to acquaint you that he has under his consideration your letter of the 16th of August, on the subject of the contracts recently entered into by Her Majesty's Government, for the conveyance of the mails across the Atlantic, and urging upon His Grace's attention the claims of the Canadian line of Steamers to Imperial consideration.

I am desired to state that it is the Duke of Newcastle's earnest desire that in any arrangements for the conveyance of mails to British North America, the interests of Canada should be fully considered, and his Grace regrets, that in the late transactions the Canadian Government had not ample opportunity of stating their views. The Duke of Newcastle cannot, however, enter into the details of your letter or give any opinion, much less any pledge as to the future course which Her Majesty's Government may think right to adopt as the subject of these contracts is under the consideration of a committee of the House of Commons, and until its reports is made, no decision can be formed. His Grace can therefore only assure you of his continued regard to the statements you have laid before him, and his resolve to watch over the interests of the colony in this important matter.

I am, Sir,
Your obedient servant,

(Signed) C. FORTESCUE.

The Honorable
JOHN ROSE, Esquire.

91, VICTORIA STREET,
Westminster, 17th August, 1859.

MY LORD DUKE,

I have the honor to bring under the notice of Your Grace a recent communication from the Government of Canada, on the subject of a proposal to carry the Mails from Great Britain through British America to the Pacific.

In a Report of the Committee of Council, under date the 13th June last, approved by His Excellency the Governor General, the Canadian Government expresses its willingness, on the conditions therein stated, to place at the disposal of the British Government or of any parties who may contract with that Government the Ocean Steamships and Inland mail service of Canada from Liverpool to Red River, on payment of the sum of £30,000 per annum.

I need not impress on Your Grace by argument the considerations which induced the Canadian Government to make this offer. The com-

pletion of such an arrangement would be of great importance to the Colony ; and the undertaking of it at the present moment would be especially so in connection with the position in which the Canadian Ocean Steamers are placed.

I would respectfully solicit the early and favorable consideration of Your Grace to this proposal, and I shall be happy to afford any information which may not be already supplied through the Official communications of Record in the Department.

I have the honor to be,

My Lord Duke,

Your Most Obedient Servant,

(Signed)

JOHN ROSE,

His Grace

The Duke of NEWCASTLE,
Colonial Secretary.

DOWNING STREET,

12th September, 1859.

SIR,

I am directed by the Duke of Newcastle to acknowledge the receipt of your letter, dated the 17th ultimo, on the subject of the conveyance of the mails from Great Britain to the Pacific through British North America, and the proposal of the Government of Canada to place at the disposal of the British Government the Ocean steamship and Inland mail service of Canada, from Liverpool to Red River, on payment of the sum of thirty thousand pounds (30,000) per annum.

I am desired to state that after receiving a deputation from the North-west Transit Company, and carefully considering their proposals, as well as the communication received from the Government of Canada, the Duke of Newcastle could not feel justified in recommending so very large an assistance (£80,000, in all) for a service so small as the conveyance of letters to British Columbia and Van Couver's Island, and that whilst His Grace recognizes the great value both to this country and to Canada of a thorough communication across the British North American continent, he hopes that the present delay may lead to a more complete scheme.

I am, Sir,

your obedient servant,

(Signed)

C. FORTESCUE.

The Honorable

JOHN ROSE, Esquire.

DEPARTMENT OF PUBLIC WORKS,
Quebec, 11th October, 1859.

SIR,

I have the honor to report for the information of His Excellency the Governor General, the measures pursued by me to carry out the objects contemplated by the minute of Council of the 18th July last.

On my arrival in England I found that the Committee of the House of Commons, named on the motion of the Chancellor of the Exchequer for the purpose of enquiring into the system of granting Mail Packet Contracts, was specially engaged upon the Dover and Calais Contract, and that it was probable the investigation of that question alone would occupy the entire remainder of the session.

It was however considered so important that some evidence touching the Transatlantic service and the manner in which the interests of Canada were effected by the renewal of the Cunard and the granting of the Galway Contracts, should if possible be given before the Committee rose, that after communicating with the Colonial Office, and the Chairman of the Committee, it was arranged that my evidence should be taken, out of the ordinary course.

I herewith transmit for the information of His Excellency a copy of that evidence, which has not however, I understand, been reported to the House in consequence of its prorogation.

It was not of course to be expected that the Committee could then pronounce any formal opinion in relation to the demand of Canada—but I am warranted in expressing my belief that a general feeling, strongly favorable to the claims of the Province, is entertained.

Though it had been intimated that the general policy of granting Packet subsidies, and the immediate subject of the Transatlantic contracts, were under the consideration of the Committee, I considered it my duty formally to continue the communications which I had begun with His Grace the Duke of Newcastle, and to urge on the attention of the Government the justice of according substantial relief to the Canadian Enterprise.

I accordingly addressed the letter dated the 16th August last, of which a copy, accompanied with the reply of the under Secretary of State for the colonies, is hereunto appended.

As another means by which I hoped the same object might be furthered, I pressed on His Grace's attention the offer to convey the mails to the Pacific through the British Territories in America, and urged the national importance of opening a channel of communication across the Continent; my letter on that subject, together with an official reply, likewise accompany this.

I finally endeavoured by such means as were in my power both to arouse public attention to the special injustice which had been inflicted on

the Province in connection with the late arrangements, and to make known the superior advantages which Canadian Channels afforded for communication between Europe and the West.

The committee of the House of Commons will re-assemble on the opening of the session, and it is important that the interest of the Province should be represented before it, inasmuch as the conclusions which the committee may come to, and the recommendations they may offer, will in all probability determine the extent and manner of aid to be accorded.

In the meantime, I would venture to suggest that the matter should engage the early attention of the Governor in Council, with the view of making on the part of Canada a formal proposal to the British Government, concerning the performance of the service.

I have the honor to be, Sir.

Your obedient servant

(Signed,) JOHN ROSE.

The Honorable
The Provincial Secretary.
&c. &c. &c. Quebec.

3rd Session, 6th Parliament, 23 Victoria, 1860.

MESSAGE.

On the subject of the Imperial subsidies to the Atlantic Mail Steamers and the claims of Canada in connexion therewith, had in pursuance of the Address of both Houses, to Her Majesty, in relation thereto.

*Presented to both Houses of the Legislature,
Monday, 5th March, 1860.*

S. Derbishire & G. Desbarats, Queen's Printer.
